COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF   )
NICHOLAS COUNTY WATER DISTRICT   )   CASE NO. 10421

O R D E R

On October 21, 1988, Nicholas County Water District ("Nicholas County") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.015 and 807 KAR 5:068, Purchased Water Adjustment.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. Nicholas County purchases its water from the City of Carlisle ("Carlisle") and is billed under a declining block rate schedule.

2. Effective with bills due in November, 1988, Carlisle increased its rates for wholesale water by approximately $.05 per 1,000 gallons.

3. Nicholas County increased the rates to its customers effective November 1, 1988.

4. Nicholas County purchased 24,415,000 gallons of water during the 12 months ending July 31, 1988 and sold 19,135,800 gallons.

5. Due to mathematical errors in calculating its water costs, the purchased water adjustment and rates proposed by Nicholas County are incorrect and should be denied.

6. The correct increase in purchased water costs is $1,287, resulting in a purchased water adjustment of $.07 per 1,000 gallons as shown by the calculations in Appendix B.

7. Nicholas County has no meters in service larger than 5/8 inch, but has previously established and included in its tariff minimum bills for larger meters. However, no minimum usage allowances were established for the larger meter sizes. 807 KAR 5:068 requires that the purchased water adjustment be applied to all rates on a per unit basis. The Commission has, therefore, computed the gallons which would be allowed under the general rate schedule for the established minimum bill amounts and has applied the purchased water adjustment accordingly.

8. The purchased water adjustment of $.07 per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment and rates proposed by Nicholas County are denied.

2. The purchased water adjustment in the amount of $.07 per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after November 1, 1988.

3. Within 30 days of the date of this Order, Nicholas County shall file its revised tariff sheet setting out the rates approved herein.

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Done at Frankfort, Kentucky, this 21st day of November, 1988.

PUBLIC SERVICE COMMISSION

_____
Chairman

_____
Vice Chairman

_____
Commissioner

ATTEST:

_____
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10421 DATED 11/21/88

The following rates and charges are prescribed for the customers in the area served by Nicholas County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

USAGE BLOCKS	MONTHLY RATES
First 1,000 gallons	$7.57 Minimum
Next 2,000 gallons	3.82 per 1,000 gallons
Next 2,000 gallons	3.32 per 1,000 gallons
Next 5,000 gallons	2.57 per 1,000 gallons
Next 15,000 gallons	2.32 per 1,000 gallons
Over 25,000 gallons	2.07 per 1,000 gallons

MINIMUM BILLS

Meter Size	Usage Allowance	Minimum Bill
5/8 or 3/4 inch	1,000 gallons	$ 7.57
1 inch	3,000 gallons	15.21
1 1/2 inch	8,400 gallons	30.59
2 inch	12,667 gallons	40.89
3 inch	41,125 gallons	102.88
4 inch	66,125 gallons	154.63

APPENDIX B

PURCHASED WATER ADJUSTMENT CALCULATIONS

COST AT BASE RATES

METER NO. 1

First 1,000 gal. x 12 =	12,000	gal.	(12 x $4.00)		= $	48.00
Next 4,000 gal. x 12 =	48,000	gal.	x	1.54/1,000 =		73.92
Next 5,000 gal. x 12 =	60,000	gal.	x	1.49/1,000 =		89.40
Next 5,000 gal. x 12 =	60,000	gal.	x	1.27/1,000 =		76.20
Next 10,000 gal. =	119,000*	gal.	x	1.16/1,000 =		138.04
Next 25,000 gal. =	173,900*	gal.	x	.95/1,000 =		165.21
Over 50,000 gal. =	953,500*	gal.	x	.90/1,000 =		858.15
	1,426,400	gal.				$1,448.92

*   Adjusted to reflect months where there was no usage at these rate
    levels.

METER NO. 2

First 1,000 gal. x 12 =	12,000	gal.	(12 x $4.00)		= $	48.00
Next 4,000 gal. x 12 =	48,000	gal.	x	1.54/1,000 =		73.92
Next 5,000 gal. x 12 =	60,000	gal.	x	1.49/1,000 =		89.40
Next 5,000 gal. x 12 =	60,000	gal.	x	1.27/1,000 =		76.20
Next 10,000 gal. x 12 =	120,000	gal.	x	1.16/1,000 =		139.20
Next 25,000 gal. x 12 =	300,000	gal.	x	.95/1,000 =		285.00
Over 50,000 gal. =	1,360,800	gal.	x	.90/1,000 =		1,224.72
	1,960,800	gal.				$1,936.44

METER NO. 3

First 1,000 gal. x 12 =	12,000	gal.	(12 x $4.00)		= $	48.00
Next 4,000 gal. x 12 =	48,000	gal.	x	1.54/1,000 =		73.92
Next 5,000 gal. x 12 =	60,000	gal.	x	1.49/1,000 =		89.40
Next 5,000 gal. x 12 =	60,000	gal.	x	1.27/1,000 =		76.20
Next 10,000 gal. x 12 =	120,000	gal.	x	1.16/1,000 =		139.20
Next 25,000 gal. x 12 =	300,000	gal.	x	.95/1,000 =		285.00
Over 50,000 gal. =	20,427,800	gal.	x	.90/1,000 =		18,385.02
	21,027,800	gal.				$19,096.74

TOTAL COST AT BASE RATES: $22,482.10

COST AT CHANGED RATES

METER NO. 1

First	1,000 gal. x 12 =	12,000	gal.	(12 x $6.00)		= $	72.00
Next	4,000 gal. x 12 =	48,000	gal.	x	1.60/1,000 =		76.80
Next	5,000 gal. x 12 =	60,000	gal.	x	1.55/1,000 =		93.00
Next	5,000 gal. x 12 =	60,000	gal.	x	1.30/1,000 =		78.00
Next	10,000 gal. =	119,000*	gal.	x	1.20/1,000 =		142.80
Next	25,000 gal. =	173,900*	gal.	x	1.00/1,000 =		173.90
Over	50,000 gal. =	953,500*	gal.	x	.95/1,000 =		905.83
		1,426,400	gal.				$1,542.33

*   Adjusted to reflect months where there was no usage at these rate levels.

METER NO. 2

First	1,000 gal. x 12 =	12,000	gal.	(12 x $6.00)		= $	72.00
Next	4,000 gal. x 12 =	48,000	gal.	x	1.60/1,000 =		76.80
Next	5,000 gal. x 12 =	60,000	gal.	x	1.55/1,000 =		93.00
Next	5,000 gal. x 12 =	60,000	gal.	x	1.30/1,000 =		78.00
Next	10,000 gal. x 12 =	120,000	gal.	x	1.20/1,000 =		144.00
Next	25,000 gal. x 12 =	300,000	gal.	x	1.00/1,000 =		300.00
Over	50,000 gal. =	1,360,800	gal.	x	.95/1,000 =		1,292.76
		1,960,800	gal.				$2,056.56

METER NO. 3

First	1,000 gal. x 12 =	12,000	gal.	(12 x $6.00)		= $	72.00
Next	4,000 gal. x 12 =	48,000	gal.	x	1.60/1,000 =		76.80
Next	5,000 gal. x 12 =	60,000	gal.	x	1.55/1,000 =		93.00
Next	5,000 gal. x 12 =	60,000	gal.	x	1.30/1,000 =		78.00
Next	10,000 gal. x 12 =	120,000	gal.	x	1.20/1,000 =		144.00
Next	25,000 gal. x 12 =	300,000	gal.	x	1.00/1,000 =		300.00
Over	50,000 gal. =	20,427,800	gal.	x	.95/1,000 =		19,406.41
		21,027,800	gal.				$20,170.21

TOTAL COST AT CHANGED RATES: $23,769.10

Cost at Changed Rates: $23,769.10
  Less
Cost at Base Rates: 22,482.10
  Increase $ 1,287.00

$1,287.00 ÷ 19,135.8 m gallons sold = $.0673 or $.07 per 1,000 gallons